Eastern TreasuryConnect™

ACH User's Guide

November 2015

Eastern Bank

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What is ACH, NACHA, and NEACH

WHAT IS ACH?

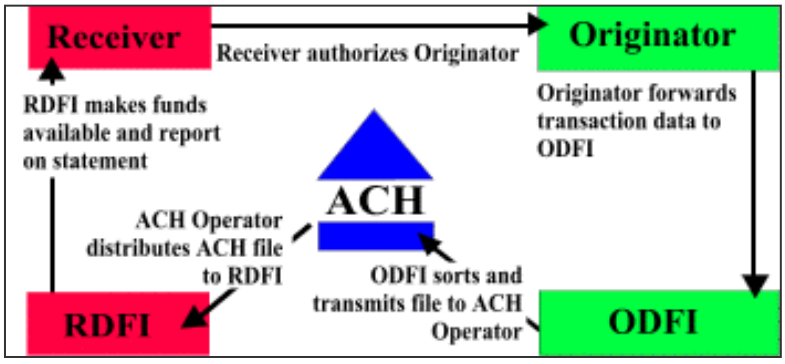
The Automated Clearing House (ACH) Network
The **ACH Network** is a highly reliable and efficient nationwide batch-oriented electronic funds transfer system governed by the NACHA OPERATING RULES, which provide for the interbank clearing of electronic payments for participating depository financial institutions. The American Clearing House Association, Federal Reserve, Electronic Payments Network, and Visa act as ACH Operators, central clearing facilities through which financial institutions transmit or receive ACH entries.

ACH payments include:

- Direct Deposit of payroll, Social Security and other government benefits, and tax refunds
- Direct Payment of consumer bills such as mortgages, loans, utility bills and insurance premiums
- Business-to-business payments
- E-checks
- E-commerce payments
- Federal, state and local tax payments

NACHA and the ACH Network are at the center of American commerce, moving more than $40 trillion each year. That's made up of almost 23 billion electronic financial transactions, including Direct Deposit via ACH, Social Security and government benefits, electronic bill payments such as utility and mortgage payments, and person-to-person (P2P) and business-to-business (B2B) payments. The ACH Network supports more than 20 percent of all electronic payments in the U.S.

The Automated Clearing House Network grew by 5.4 percent in the 2nd Quarter 2015 compared to a year ago, according to NACHA statistics. Approximately 4.78 billion transactions moving approximately $10.5 trillion were conducted during the quarter. These figures represent changes of 5.4 percent and 5.1 percent, respectively, compared to the same quarter of 2014. There were 2.78 billion debits and 2.01 billion credits, for a total of 4.78 billion.



Originator
Any individual, corporation or other entity that initiates entries into the Automated Clearing House Network

Originating Depository Financial Institution (ODFI)
A participating financial institution that originates ACH entries at the request of and by (ODFI) agreement with its customers. ODFI's must abide by the provisions of the *NACHA Operating Rules and Guidelines*

Receiving Depository Financial Institution (RDFI)
Any financial institution qualified to receive ACH entries that agrees to abide by the *NACHA Operating Rules and Guidelines*

Receiver
An individual, corporation or other entity who has authorized an Originator to initiate a credit or debit entry to a transaction account held at an RDFI.

CONSUMER VS. CORPORATE PAYMENTS

ACH transactions are typically categorized as either consumer payments or corporate payments, depending on the relationship of the parties involved in the transaction and the type of Receiver account. In addition, payments are distinguished as Federal Government payments (representing automated disbursements originating from the United States Government, such as Social Security benefits, military and civilian payrolls, retirement benefits, tax refunds, and disbursements for state and federal revenue sharing programs) or commercial payments (initiated by both individual consumers and corporations). Consumer payments currently made via the ACH Network include credit applications such as payroll, retirement, dividend, interest, and annuity payments, in addition to educational benefit reimbursements, payments and advances, and many others. Consumer ACH debit applications include, among others, the collection of insurance premiums, mortgage and rent payments, utility payments, installment payments, a variety of membership dues, and other recurring obligations. The ACH Network is also widely used to settle consumer transactions made at automated teller machines and point-of-sale terminals. Corporate ACH applications include cash concentration and disbursement, corporate trade payments, state and Federal tax payments and financial electronic data interchange (EDI). Cash concentration and disbursement allows companies to achieve efficiencies in cash management through timely intra-company transfer of funds. Corporate trade payments enable corporations to exchange both data and funds with trading partners, facilitating an automated process of updating their accounts receivable and accounts payable systems.

WHAT IS NACHA?

NACHA - The Electronic Payments Association is the leading organization in developing electronic solutions to improve the payments system.

NACHA represents more than 12,000 financial institutions through direct memberships and a network of regional payments associations, and 650 organizations through its industry councils. NACHA develops operating rules and business practices for the Automated Clearing House (ACH) Network and for electronic payments in the areas of Internet commerce, electronic bill and invoice presentment and payment (EBPP, EIPP), e-checks, financial electronic data interchange (EDI), international payments (IAT), and electronic benefits transfer (EBT).

NACHA's Mission is to promote the development of electronic solutions that improve the payments system for the benefit of its members and their customers.
NACHA is dedicated to improving the payments system through its eight primary functions. These are:

1. Rulemaking for the ACH Network and other payments systems;
2. Facilitating the development of new payment applications;
3. Identification and implementation of risk management initiatives;
4. Providing and supporting education programs;
5. Instituting and monitoring quality controls in the payments system;
6. Improving member communications/relations;
7. Responding to regulatory and government relations issues; and
8. Marketing electronic payment services.

WHAT IS NEACH?

"The New England Automated Clearing House" (NEACH) is a non-profit association that helps members originate and receive ACH transactions, and provides products, services, education and marketing to increase the acceptance, use and quality of electronic transactions.

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ACH Processing via TreasuryConnect at Eastern Bank

Eastern Bank, acting as the ODFI, is bound by the NACHA rules and regulations, but day to day processing timeframes and processes differ between banks. This section of the guide reviews processing guidelines at Eastern Bank.

ACH Batches and Pass-thru Files

ACH batches and pass-thru files processed through TreasuryConnect are required to be balanced with an offset within each batch. A pass thru file can contain multiple batches of credits and debits.

Prenotes

Prenotes are an option under the NACHA rules; Eastern Bank recommends our customers use Prenotes. Once the Prenote is transmitted there is a six-business day waiting period before the live dollar transaction can be initiated.

Daily Processing for ACH Batch and Pass Thru Data via TreasuryConnect

Utilizing TreasuryConnect to transmit ACH information can be done at any time of the day, however, there are certain times during the day when information is collected from the TreasuryConnect platform and processed through our ACH processing system for the ACH batch files that are input as outlined in the processing time schedule below.

ACH pass thru files (NACHA formatted files) are sent continuously throughout the day as files are transmitted by customers via TreasuryConnect. Any pass thru files that are sent after 4:00 p.m. ET may not be released if the reject for any reason including exceeding the credit limit. Any files that reject at the bank after the 4:00 p.m. timeframe will be addressed the next business day.

ACH Batch Processing Time Schedule:

The processing time schedule for ACH batch files is:

6:15 a.m. ET	2:45 p.m. ET
10:15 a.m. ET	3:45 p.m. ET
12:45 p.m. ET	6:00 p.m. ET

ACH transactions will be distributed by the effective date. To ensure transactions are processed timely, transactions must be sent two business days prior to the effective date.

Any transactions or batches processed after the 2:45 p.m. ET window may not be processed the same day if there are any delays or the file exceeds the credit limit of the customer.

Business Day Calendar

Eastern Bank operates on the Federal Holiday calendar. Any ACH batches transmitted after the last cut-off time, on a weekend or a holiday will be processed on the next business day.

ACH Returned and Notification of Change (NOC) Reporting

Eastern Bank receives Returned entries and Notifications of Change (NOC) from RDFI's on a daily basis. They are communicated to the Originator within 2 business days of the settlement date.

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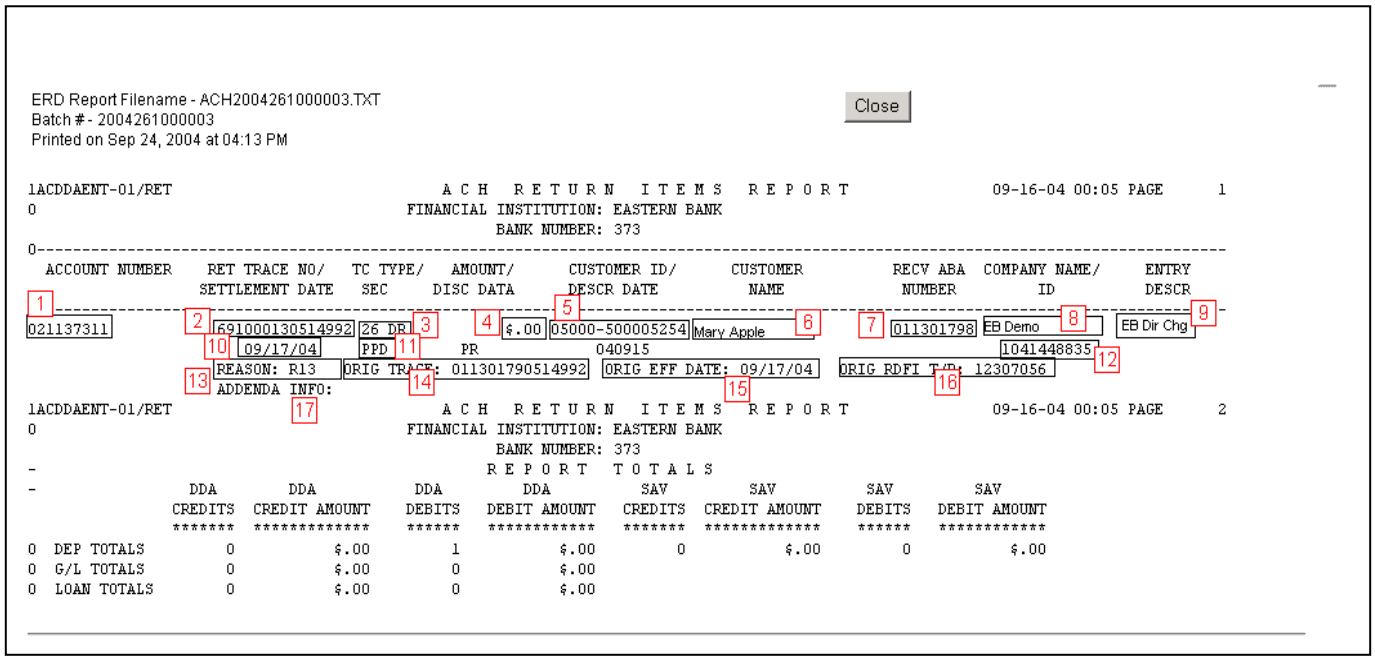
Return Entries and Notification of Change(NOC)Information

Eastern Bank will provide a report via the TreasuryConnect **Electronic Report Delivery** (ERD) service that will inform you of any Return entries or NOC's to ACH originated items that we receive from RDFI's. This report is called the ACH Return Items Report.

For any *Return* entries a financial adjustment will be made to your account at Eastern Bank for each individual item. It is your responsibility as the originator to determine the changes, based on the Return or Correction code that must to be made on your system(s) or data records. If you receive a *NOC* (notification of change) an entry must not be transmitted again containing the incorrect information or the change must be made within 6 business days to avoid any fines as outlined in the NACHA rules.

ACH Return Report – Return Entries

Below is a sample of the ACH Return report with a return reason code and a legend on the data fields.



ERD Report Filename - ACH2004261000003.TXT
Batch # - 2004261000003
Printed on Sep 24, 2004 at 04:13 PM

Close

```
1ACDDAENT-01/RET                          A C H   R E T U R N   I T E M S   R E P O R T              09-16-04 00:05 PAGE      1
0                                      FINANCIAL INSTITUTION: EASTERN BANK
                                              BANK NUMBER: 373
0-------------------------------------------------------------------------------------------------------------------------------
  ACCOUNT NUMBER    RET TRACE NO/   TC TYPE/   AMOUNT/      CUSTOMER ID/      CUSTOMER          RECV ABA  COMPANY NAME/     ENTRY
                   SETTLEMENT DATE   SEC      DISC DATA      DESCR DATE          NAME            NUMBER        ID          DESCR
 1
-------------------------------------------------------------------------------------------------------------------------------
021137311          2 691000130514992 26 DR  3    4 $.00  5 05000-500005254  Mary Apple      6  7 011301798  EB Demo    8  EB Dir Chg  9
                  10 09/17/04        PPD     11      PR          040915                                  1041448835          12
                  13 REASON: R13     ORIG TRACE: 011301790514992  ORIG EFF DATE: 09/17/04  15  ORIG RDFI T/D: 12307056  16
                     ADDENDA INFO:
                  17
1ACDDAENT-01/RET                          A C H   R E T U R N   I T E M S   R E P O R T              09-16-04 00:05 PAGE      2
0                                      FINANCIAL INSTITUTION: EASTERN BANK
                                              BANK NUMBER: 373
-                                             R E P O R T   T O T A L S
-                  DDA          DDA           DDA          DDA          SAV          SAV          SAV          SAV
                CREDITS   CREDIT AMOUNT     DEBITS    DEBIT AMOUNT   CREDITS   CREDIT AMOUNT   DEBITS    DEBIT AMOUNT
                *******   **************   ******   *************   *******   **************   ******   *************
0  DEP TOTALS         0           $.00        1           $.00         0           $.00         0           $.00
0  G/L TOTALS         0           $.00        0           $.00
0  LOAN TOTALS        0           $.00        0           $.00
```

ACH Return Item Notice Legend

① Receiving Transaction Account #
② Return Transaction Code
③ Transaction Type – DR/CR
④ Original Transaction Amount
⑤ Customer ID Data
⑥ Customer Name
⑦ Receiving Bank ABA
⑧ Your ACH Company Name
⑨ Original Entry Description
⑩ Settlement Date of Return
⑪ Transaction Type – PPD, CCD, CTX etc.
⑫ Your ACH ID - Tax ID #
⑬ Return Code – See table for value descriptions
⑭ Original Trace #
⑮ Original Effective Entry Date
⑯ Originating Bank ABA-Eastern Bank ABA - 01130179
⑰ Addendum Information Relative to the Return

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Return Reason Codes

R01	Insufficient Funds. The available and/or cash reserve balance is not sufficient to cover the dollar value of the debit entry.
R02	Account Closed. A previously active account has been closed by action of the customer or the RDFI.
R03	No Account/Unable to Locate Account. The account number structure is valid and it passes the check digit validation, but the account number does not correspond to the individual identified in the entry, or the account number designated is not an open account.
R04	Invalid Account number. Account number structure invalid or may fail the check digit validation.
R05	Unauthorized entry to a consumer account bearing a Corporate SEC code. Those are: CCD, CTX .
R06	Returned per ODFI's Request The ODFI has requested that the RDFI return the ACH entry. If the RDFI agrees to return the entry, the ODFI must indemnify the RDFI according to Article Five (Return, Adjustment, Correction, and Acknowledgment of Entries and Entry Information) of these Rules.
R07	Authorization Revoked by Customer (adjustment entries) The RDFI's customer (the Receiver) has revoked the authorization previously provided to the Originator for this particular transaction. The Receiver may request immediate credit from the RDFI for an unauthorized debit. The request must be made in writing within fifteen (15) days after the RDFI sends or makes available to the Receiver information pertaining to that debit entry.
R08	Payment Stopped or Stop Payment on Item
R09	Uncollected Funds Sufficient book or ledger balance exists to satisfy the dollar value of the transaction, but the dollar value of transactions in the process of collection (i.e., uncollected checks) brings the available and/or cash reserve balance below the dollar value of the debit entry.
R10	Customer Advises Not Authorized; Item Is Ineligible, Notice Not Provided, Signatures Not Genuine, or Item Altered (adjustment entries).
R11	Check Truncation Entry Return (Specify) To be used when returning a check truncation entry. This reason for return should be used only if no other return reason code is applicable. The RDFI should use the appropriate field in the addenda record to specify the reason for return (i.e., "exceeds dollar limit," "no match on ARP," "stale date," etc.).
R12	Branch Sold to Another DFI [Account Sold to Another DFI]
R14	Representative Payee Deceased or Unable to continue in that capacity. Representative payee is a person or institution authorized to accept entries on behalf of one or more other persons, such as legally incapacitated adults or minor children. Representative payee is either deceased or unable to continue in that capacity. Beneficiary is not deceased.
R15	Beneficiary or Account Holder (Other Than a Representative Payee) Deceased (1) The beneficiary is the person entitled to the benefits and is deceased. The beneficiary may or may not be the account holder; or The account holder (acting in a non-representative payee capacity) is an owner of the account and is deceased.
R16	Account Frozen The funds in the account are unavailable due to specific action taken by the RDFI or by legal action.
R17	File Record Edit Criteria (Specify) Some fields that are not edited by the ACH Operator are edited by the RDFI. If the entry cannot be processed by the RDFI, the field(s) causing the processing error must be identified in the addenda record information field of the return.
R20	Non-Transaction Account. The ACH entry destined for a non-transaction account, as defined in Regulation D, would include either an account against which transactions are prohibited or limited or a pass-through where the entry is for a credit union or thrift organization and Regulation E descriptive requirements cannot be met.
R21	Invalid Company Identification. The identification number used in the Company Identification Field is not valid. This Return Reason Code will normally be used on CIE transactions.

R22	Invalid Individual ID Number. The Individual ID Number of CIE or MTE type entries is used by the Receiver (non-consumer) that a specific transaction has not been authorized by the Receiver.
R23	Credit Entry Refused by Receiver. The Receiver may return a credit entry because one of the following conditions exists: (1) a minimum amount required by the Receiver has not been remitted; (2) the exact amount required has not been remitted; (3) the account is subject to litigation and the Receiver will not accept the transaction; (4) acceptance of the transaction results in an overpayment; (5) the Originator is not known by the Receiver; or (6) the Receiver has not authorized this credit entry to this account.
R24	Duplicate Entry. The RDFI has received what appears to be a duplicate entry; i.e., the trace number, date, dollar amount and/or other data matches another transaction. This code should be used with extreme care. The RDFI should be aware that if a file has been duplicated, the Originator may have already generated a reversal transaction to handle the situation.
R29	Corporate Consumer Advises Not Authorized. The RDFI has been notified by the Receiver (non-consumer) that a specific transaction has not been authorized by the Receiver.
R31	Permissible Return Entry (CCD and CTX only). The RDFI has been notified by the ODFI that the ODFI agrees to accept a CCD or CTX return entry in accordance with Article Seven, section 7.3 (ODFI Agrees to Accept CCD or CTX Return).
R33	Return of XCK Entry The RDFI determines at its sole discretion to return an XCK entry. This return reason code may only be used to return XCK entries. An XCK entry may be returned up to sixty days after its Settlement Date.
R37	Source Document Presented for Payment The source document to which an ARC entry or a POP entry relates has been presented for payment. The Receiver may request immediate credit from the RDFI for an ARC entry or a POP entry for the reason described above. The request must be made in writing within fifteen (15) days after the RDFI sends or makes available to the Receiver information relating to that debit entry. The Receiver must also provide the RDFI with a written statement under penalty of perjury that the source document was presented for payment. An RDFI using this return reason code must transmit the return entry by its ACH Operator's deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the ARC entry or the POP entry.
R38	Stop Payment on Source Document The RDFI determines that a stop payment order has been placed on the source document to which the ARC entry relates. An RDFI using this Return Reason Code must transmit the return entry by its ACH Operator's deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the ARC entry to which the source document relates.
R39	Improper Source Document - The RDFI determines that the source document used for an ARC, BOC or POP entry to its Receiver's account is improper pursuant to subsections 3.7.2 (Source Documents), 3.8.2 (Source Documents), and 3.9.1 (Source Documents.) An entry returned using this return reason code must be received by the RDFI's ACH Operator by its deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the second banking day following the settlement date of original entry.
R50	State Law Affecting RCK Acceptance The RDFI is located in a state that has not adopted Revised Article 4 of the Uniform Commercial Code (1990 Official Text) and has not revised its customer agreements to allow for electronic presentment. OR The RDFI is located within a state that requires all canceled checks to a specific type of account to be returned to the Receiver within the periodic statement. An RCK entry that is returned using this Return Reason Code must be transmitted by the RDFI to its ACH Operator no later than midnight of the second banking day following the banking day of receipt of the presentment notice.
R51	Item is Ineligible, Notice Not Provided, Signature Not Genuine, Item Altered, or Amount of Entry Not Accurately Obtained from Item (adjustment entries) An RCK entry may be considered to be ineligible if (1) the item to which the RCK entry relates is not an item within the meaning of Revised Article 4 of the Uniform Commercial Code (1990 Official Text); (2) the item is not a negotiable demand draft drawn on or payable through or at a Participating DFI, other than a Federal Reserve Bank or Federal Home Loan Bank; (3) the item does not contain a pre-printed serial number; (4) the item is in an amount of $2,500 or more; (5) the item does not indicate on the face of the document that it was returned due to "Not Sufficient Funds," "NSF," "Uncollected Funds," or comparable language; (6) the item is dated more than 180 days from the date the entry is being transmitted to the RDFI (i.e., the item to which the RCK entry relates is stale dated); (7) the item is drawn on a non-Consumer Account; or (8) the item has been previously presented more than two times in its physical form, or more than one time in its physical form and more than one time as an RCK entry. OR The Originator did not provide notice as provided for within Article Three, subsection 3.5.2 (Notice Obligation). OR All signatures on the item to which the RCK entry relates are not authentic or authorized, or the item to which the RCK entry relates has been altered The amount of the RCK entry was not accurately obtained from the item. An RDFI using this Return Reason

	Code must transmit the return entry by its ACH Operator's deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the RCK entry to which the item relates.
R52	Stop Payment on Item (adjustment entries) The RDFI determines that a stop payment order has been placed on the item to which the RCK entry relates. An RDFI using this Return Reason Code must transmit the return entry by its ACH Operator's deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the RCK entry to which the item relates.
R53	Item and ACH Entry Presented for Payment (adjustment entries) In addition to an RCK entry, the item to which the RCK entry relates has also been presented for payment. The Receiver may request immediate credit from the RDFI for an RCK entry for the reason described above. The request must be made in writing within fifteen (15) days after the RDFI sends or makes available to the Receiver information relating to that debit entry. The Receiver must also provide the RDFI with a written statement under penalty of perjury, pursuant to subsection 7.6.5.3 (Receiver's Written Statement Under Penalty of Perjury for RCK Entries), that both the RCK entry and the item to which it relates were presented for payment. An RDFI using this return reason code must transmit the return entry by its ACH Operator's deposit deadline for the return entry to be made available to the ODFI no later than the opening of business on the banking day following the sixtieth calendar day following the Settlement Date of the RCK entry.
	Codes to be Used by the ODFI for Automated Dishonored Return Entries:
R61	Misrouted Return The financial institution preparing the return entry (the RDFI of the original entry) has placed the incorrect Routing Number in the Receiving DFI Identification field (positions 04-12, including Check Digit, of the Entry Detail Record).
R62	Incorrect Trace Number The Trace Number found in positions 07-21 in the Addenda Record of the return entry is different from the trace number of the original entry.
R63	Incorrect Dollar Amount The dollar amount in the Entry Detail Record of the return entry is different from the dollar amount of the original entry.
R64	Incorrect Individual Identification The Individual Identification Number reflected in the Entry Detail Record of the return entry is different from the Individual Identification Number/Identification Number used in the original entry.
R65	Incorrect Transaction Code The Transaction Code in the Entry Detail Record of the return entry is not the return equivalent of the Transaction Code in the original entry. (See list of Transaction Codes in Appendix Two (ACH Record Format Specifications). All entries must be returned as received: e.g., credit as credit, debit as debit, demand as demand, savings as savings.)
R66	Incorrect Company Identification The Company Identification number used in the Company/Batch Header Record of the return entry is different from the Company Identification number used in the original entry.
R67	Duplicate Return The ODFI has received more than one return for the same entry.
R68	Untimely Return The return entry has not been sent within the timeframe established by these rules.
R69	Multiple Errors Two or more of the following fields -- Original Entry Trace Number, Amount, Individual Identification Number/Identification Number, Company Identification, and/or Transaction Code -- are incorrect.

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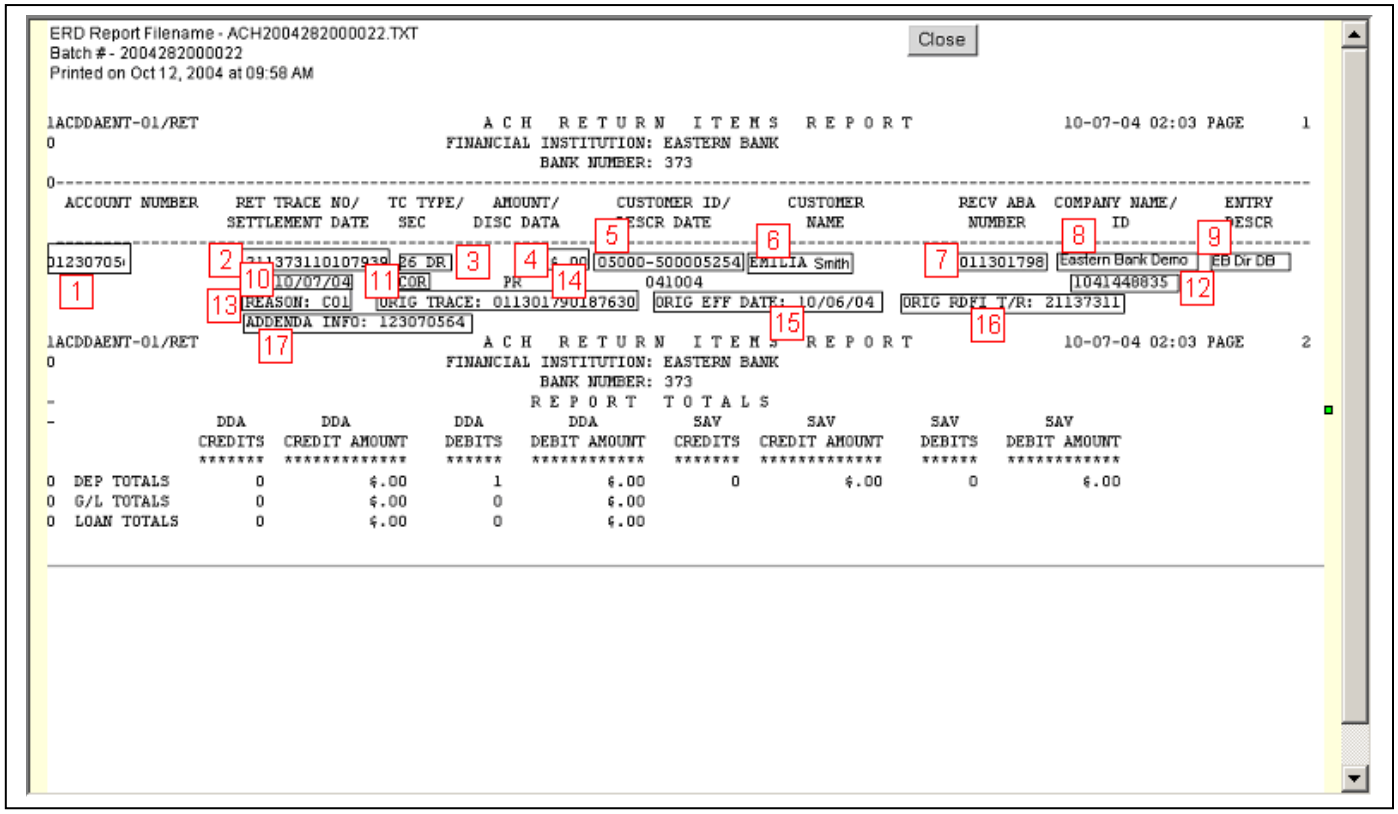
ACH Return Report – Notification of Change (NOC)


ERD Report Filename - ACH2004282000022.TXT
Batch # - 2004282000022
Printed on Oct 12, 2004 at 09:58 AM
Close
1ACDDAENT-01/RET A C H R E T U R N I T E M S R E P O R T 10-07-04 02:03 PAGE 1
0 FINANCIAL INSTITUTION: EASTERN BANK
BANK NUMBER: 373
ACCOUNT NUMBER RET TRACE NO/ SETTLEMENT DATE TC TYPE/ SEC AMOUNT/ DISC DATA CUSTOMER ID/ DESCR DATE CUSTOMER NAME RECV ABA NUMBER COMPANY NAME/ ID ENTRY DESCR
01230705 2 373110107930 26 DR 3 4 $.00 05000-500005254 EMILIA Smith 7 011301798 Eastern Bank Demo EB Dr DB
1 10/07/04 11 COR PR 14 041004 1041448835 12
13 REASON: C01 ORIG TRACE: 011301790187630 ORIG EFF DATE: 10/06/04 15 ORIG RDFI T/R: 21137311 16
ADDENDA INFO: 123070564 17
1ACDDAENT-01/RET A C H R E T U R N I T E M S R E P O R T 10-07-04 02:03 PAGE 2
0 FINANCIAL INSTITUTION: EASTERN BANK
BANK NUMBER: 373
R E P O R T T O T A L S
DDA CREDITS DDA CREDIT AMOUNT DDA DEBITS DDA DEBIT AMOUNT SAV CREDITS SAV CREDIT AMOUNT SAV DEBITS SAV DEBIT AMOUNT
0 DEP TOTALS 0 $.00 1 $.00 0 $.00 0 $.00
0 G/L TOTALS 0 $.00 0 $.00
0 LOAN TOTALS 0 $.00 0 $.00

ACH Return Items Report – Notification of Change (NOC) Legend

① Receivers Account Number
② Return Trace Number
③ Transaction Code and Type (DR/CR)
④ Customer ID
⑤ Customer Name
⑥ Receiving Customers Bank ABA Number
⑦ Your ACH Company Name
⑧ Entry Description
⑨ Correction Settlement Date
⑩ SEC Type - COR
⑪ Origination Date
⑫ Your ACH Company ID
⑬ Correction Reason Code – See attached definition listing
⑭ Original Transaction Trace Number
⑮ Correction Posting Effective Date
⑯ Receiving Bank ABA Number
⑰ Addendum Information Field – Contains correct information that caused the error

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Notification of Change (NOC) Codes

A Notification of Change is created by an RDFI to notify the ODFI that previously valid information contained in a posted entry has become outdated or that information contained in a pre-notification or live transaction is erroneous and should be changed.

Change Codes

C01	Incorrect DFI Account Number
C02	Incorrect Routing Number Correct Routing Number (including Check Digit) appears in first nine positions of the Corrected Data Field.
C03	Incorrect Routing Number and Incorrect DFI Account Number. Correct Routing Number (including Check Digit Example: Due to merger or consolidation, a once valid Routing Number must be changed, and in most instances this change will cause a change to the account numbering structure.
C04	Incorrect Individual Name/Receiving Company Name. Correct Individual Name/Receiving Company Name
C05	Incorrect Transaction Code Example: An item, which the RDFI determines should be posted to their Demand Deposit Account (DDA) System, contains a Savings Transaction Code.
C06	Incorrect DFI Account Number and Incorrect Transaction Code. Example: An entry posting to a savings account should actually be going to a demand account or vice versa, and the account number is also incorrect.
C07	Incorrect Routing Number, Incorrect DFI Account Number, and Incorrect Transaction Code
C09	Incorrect Individual Identification Number. Example: Individual's Identification Number within the Company is incorrect, either on initial input or through merger or consolidation. Note: Change Codes C10 through C12 cover information contained in the Batch Header Record and therefore will require the creation of a dummy Entry Detail Record(s) to meet the software requirements.
C11	Due to merger or consolidation, the Company ID is no longer valid.
C13	Addenda Format Error Information in the Entry Detail Record was correct and the entry was able to be processed and posted by the RDFI. However, information found in the Addenda Record was unclear or was formatted incorrectly.

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ACH Transaction Codes

Demand Credit Records (for checking, NOW, and share draft accounts)

Code	Description
22	Checking Credit
23	Pre-notification
24	Zero dollar with remittance data

Demand Debit Records(for checking, NOW, and share draft accounts)

Code	Description
27	Checking Debit
28	Pre-notification
29	Zero dollar with remittance data

Savings Account Credit Records

Code	Description
32	Savings Credit
33	Pre-notification
34	Zero dollar with remittance data

Savings Account Debit Records

Code	Description
37	Savings Debit
38	Pre-notification
39	Zero dollar with remittance data

Eastern Bank

Standard Entry Class Codes

Consumer	Applications	
ARC	Accounts Receivable Entry	This Standard Entry Class Code enables Originators to convert to a Single-Entry ACH debit a consumer check received via the U.S. mail or at a drop box location for the payment of goods or services. The consumer's source document (i.e., the check) is used to collect the consumer's routing number, account number, check serial number, and dollar amount for the transaction
BOC	Back Office Conversion	Back Office Conversion will allow Originators and ODFI's acting as Originators, to accept checks at the point-of-purchase or at manned bill payment locations and covert the checks to ACH debits during back office processing.
CIE	Customer Initiated Entry	Customer Initiated Entries are limited to credit applications where the consumer initiates the transfer of funds to a company for payment of funds owed to that company, typically through some type of home banking product or bill payment service provider
IAT	International ACH	An International ACH Transaction is an ACH entry that is part of a payment transaction involving a financial agency's office that is not located in the territorial jurisdiction of the US. IAT Transactions focus on where the financial institution that handles the payment transaction (movement of the funds) is located and not where any other party to the transaction (e.g., the Originator or Receiver) is located.
MTE	Machine Transfer Entry	The ACH Network supports the clearing of transactions from Automated Teller Machines, i.e., Machine Transfer Entries (MTE).
POP	Point-of-Purchase Entry	
PPD	Prearranged Payment and Deposit Entry	**Direct deposit** is a credit application that transfers funds into a consumer's account at the Receiving Depository Financial Institution. The funds being deposited can represent a variety of products, such as payroll, interest, pension, dividends, etc. **Preauthorized payment** is a debit application. Companies with billing operations may participate in the ACH through the electronic transfer (direct debit) of bill payment entries. Through standing authorizations, the consumer grants the company authority to initiate periodic charges to his or her account as bills become due.
POS/SHR	Point of Sale Entry/Shared Network Transaction	These two Standard Entry Class Codes represent point of sale debit applications in either a shared (SHR) or non- shared (POS) environment. These transactions are most often initiated by the consumer via a plastic access card.
RCK	Re-presented Check Entry	A re-presented check entry is a Single-Entry ACH debit application used by Originators to re-present a check that has been processed through the check collection system and returned because of insufficient or uncollected funds.
TEL	Telephone-Initiated Entry	This Standard Entry Class Code is used for the origination of a Single-Entry debit transaction to a consumer's account pursuant to an oral authorization obtained from the consumer via the telephone.
WEB	Internet-Initiated Entry	This Standard Entry Class Code is used for the origination of debit entries (either recurring or Single-Entry) to a consumer's account pursuant to an authorization that is obtained from the Receiver via the Internet.

Corporate	Applications	
ACK/ ATX	Acknowledgment Entries	These optional Standard Entry Class Codes are available for use by the RDFI to acknowledge the receipt of ACH credit payments originated using the CCD or CTX formats. These acknowledgments indicate to the Originator that the payment was received and that the RDFI will attempt to post the payment to the Receiver's account.
ADV	Automated Accounting Advice	This Standard Entry Class Code represents an optional service to be provided by ACH Operators that identifies automated accounting advices of ACH accounting information in machine readable format to facilitate the automation of accounting information for Participating DFIs
CTX	Corporate Trade Exchange	The Corporate Trade Exchange application supports the transfer of funds (debit or credit) within a trading partner relationship in which a full ANSI ASC X12 message or payment related UN/EDIFACT information is sent with the funds transfer. The ANSI ASC X12 message or payment related UN/EDIFACT information is placed in multiple addenda records.
CCD/CCD+	Corporate Debit or Credit	This application, Cash Concentration or Disbursement, can be either a credit or debit application where funds are either distributed or consolidated between corporate entities. This application can serve as a stand-alone funds transfer, or it can support a limited amount of payment related data with the funds transfer.
DNE	Death Notification Entry	This application is utilized by Federal Government to notify a depository financial institution that the recipient of a government benefit payment has died.

IAT	International ACH	An International ACH Transaction is an ACH entry that is part of a payment transaction involving a financial agency's office that is not located in the territorial jurisdiction of the US. IAT Transactions focus on where the financial institution that handles the payment transaction (movement of the funds) is located and not where any other party to the transaction (e.g., the Originator or Receiver) is located.
TRC/TRX	Truncated Entries	This Standard Entry Class Code is used to identify batches of truncated checks. For more information on check truncation, please see the National Association for Check Safekeeping Guidelines available from NACHA.
XCK	Destroyed Check Entry	This application can be utilized by a collecting institution for the collection of certain checks when those checks have been destroyed
RCK	Re-presented Check Entry	A re-presented check entry is a Single-Entry ACH debit application used by Originators to re-present a check that has been processed through the check collection system and returned because of insufficient or uncollected funds.
TEL	Telephone-Initiated Entry	This Standard Entry Class Code is used for the origination of a Single-Entry debit transaction to a consumer's account pursuant to an oral authorization obtained from the consumer via the telephone.
WEB	Internet-Initiated Entry	This Standard Entry Class Code is used for the origination of debit entries (either recurring or Single-Entry) to a consumer's account pursuant to an authorization that is obtained from the Receiver via the Internet.

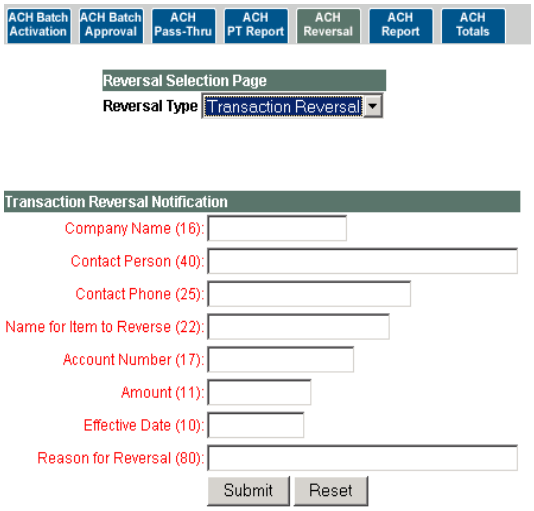
Eastern Bank

Procedure for Transaction and Batch Reversal

There may be situations that require an entry within a batch or a complete batch to be deleted or reversed. Depending on the effective date of the batch or transaction Eastern Bank may be able to correct the error on your behalf. The bank must receive authorization from the Originator via the TreasuryConnect system. Both batch and item reversals can be made via the ACH module on the TreasuryConnect system.

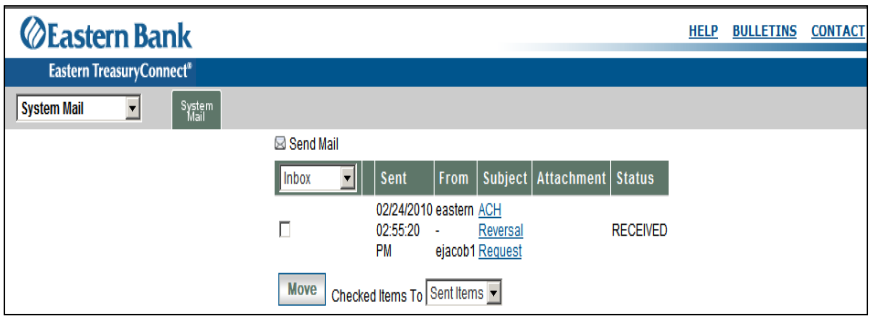
Follow the procedure below to request a batch or Item reversal

1. Select ACH and click on the **ACH Reversal** tab
2. Select the Reversal type of either the *batch* or *transaction*
3. Fill in all of the fields
4. Click the **Submit** button
5. This request is sent directly to the bank for processing



Transaction reversal/deletion

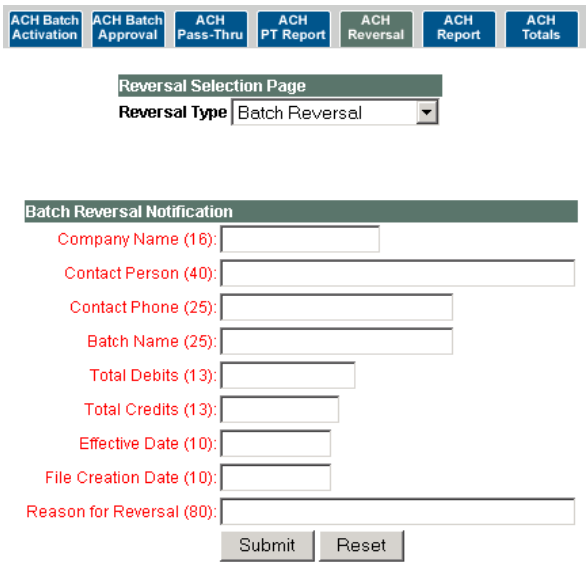
- The request must be sent either the same day the batch is transmitted or 2 days prior to the settlement date in order to delete the item or to request a reversal within 5 business days of the settlement date of the transaction
- The offset to the batch will be adjusted for the amount of the transaction(s)
- The Form must be sent to Eastern Bank by 4:00 PM to be processed the same day
- A confirmation of the reversal will be emailed to the requestor via TreasuryConnect's secure email usually within 2 hours of receiving the request or by 5:00 PM the same day
- To view the confirmation, logon to TreasuryConnect and choose **System Mail**, go to your inbox and click on the subject titled "ACH reversal request"



- Once the reversal has been completed the transaction will be posted to your same day report
- If you do not receive a confirmation or see the transaction, please contact the Business Service Team at 1-800-333-8000.

Note: Fees apply for this request

Batch Reversal



Batch Deletion/reversal due to duplicate file or multiple errors

- Request must be sent either the same day the batch is transmitted or 2 days prior to settlement date for deletion or within 5 business days of the settlement date of the transaction to process a reversal
- The request must be sent to Eastern Bank by 4:00 PM to be processed the same day
- A confirmation of the reversal will be emailed to the requestor via TreasuryConnect's secure email usually within 2 hours of receiving the request or by 5:00 PM the same day
- To view the confirmation, logon to TreasuryConnect and choose **System Mail**, go to your inbox and click on the subject titled "ACH reversal request"
- Once the reversal has been completed the transaction will be posted to your same day report
- If you do not receive a confirmation or see the transaction, please contact the Business Service Team at 1-800-333-8000

Eastern Bank

Rule and Procedure for Reinitiating Returned Entries

A new NACHA rule has been implemented as of 9/18/15 that governs under what circumstances and how Reinitiated Returned Entries are handled. Any Entry, other than an RCK Entry, that was previously returned may be Reinitiated only if:

a. The original Entry was returned for insufficient or uncollected funds (R01 or R90)
b. The original Entry was returned for stopped payment (R08) and the Reinitiation has been subsequently authorized by the Receiver after the Return Entry has been received
c. Action has been taken to correct the reason for the return; ex: incorrect Transaction Type (R10)

Other:

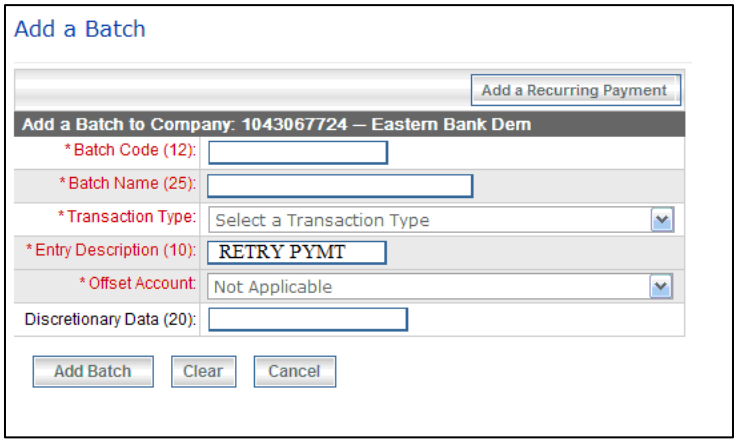
d. The Reinitiated Entry must occur within 180 days after the Settlement Date of the original Entry
e. Reinitiation cannot occur again if an Entry has been returned more than two (2) times for insufficient or uncollected funds following the Return of the original Entry
f. A debit Entry will not be treated as a Reinitiated Entry if:
   i) The debit Entry is one of a series of preauthorized, recurring debits Entries and is not contingent on whether an earlier debit was returned (insurance payments/gym memberships)
   ii) A new authorization for the Debit has been obtained after the original Return Entry

Reinitiating a Returns Batch

Reinitiated Returns must be submitted in a separate batch from any other Entry type. Please refer to the ADD a Batch or USING Pass-Thru Service instructions in the TreasuryConnect User's Manual.

The Reinitiated Entry must contain the following identical field entries as the original Entry that was returned:
a. Company Name
b. Company Identification
c. Amount

The Company Entry Description field of the Company/Batch Header Record must contain the words "RETRY PYMT" in all caps.



Pass Thru Batch

Use the ACH Pass-Thru service to load a Reinitiated Returns Batch. Your external system will need to create a Reinitiated Returns Batch by using "RETRY PYMT" in Record 5 - Batch Header - Company Entry Description. When you load an ACH pass-thru file, the system validates that the format of the records in the file matches the standard NACHA formats. After the validation is complete, you accept the pass-thru ACH file, which sends the ACH file to the ACH Approval service for approval. Once approved, the file is sent to the bank for processing. You cannot edit pass-thru files.

Eastern Bank

Important NACHA Rules and Regulations

As a customer you are the "originator" in the NACHA framework and Eastern Bank is the Originating Depository Financial Institution (ODFI). As an Originator you need to be aware of some of the important NACHA rules and regulations that you are bound by. Outlined below are some of the key Operating Rules for Originators. Anyone can find out more about the rules and regulations by going the NACHA web page on the internet at https://www.nacha.org/rules.

Receiver Authorization and Agreement - Subsection 2.1.2
The Receiver has authorized the Originator to initiate the entry to the Receiver's account. In the case of CBR, CCD, and CTX entries, the Receiver has an agreement with the Originator under which the Receiver has agreed to be bound by these rules as in effect from time to time. In the case of debit entries to a Consumer Account, the authorization must be in writing and signed or similarly authenticated by the consumer. To meet the requirement that an authorization be in writing, an electronic authorization must be able to be displayed on a computer screen or other visual display that enables the consumer to read the communication. The authorization also must be readily identifiable as an authorization, must clearly and conspicuously state its terms, and, for all entries except POP entries and Single-Entry WEB entries, the authorization must provide that the Receiver may revoke the authorization only by notifying the Originator in the manner specified in the authorization. In the case of credit entries, the authorization may be provided orally or by other non- written means. Entries described in subsections 2.1.3 (Exception to Authorization Requirement), 2.1.4 (Authorization/Notification for PPD Accounts Receivable Truncated Check Debit Entries), and 2.1.5 (Authorization for Telephone-Initiated Entries) are excepted from these Receiver authorization requirements.

Exception to Authorization Requirement - Subsection 2.1.3
If both the Originator and Receiver are natural persons, no authorization by the Receiver is required for credit entries, and no warranty with respect to that authorization is made by the ODFI. No authorization by the Receiver is required for entries initiated pursuant to section 2.7 (Destroyed Check Entries) or section 2.8 (Re-presented Check Entries).

Pre-notifications – Section 2.3
Prior to the initiation of the first entry to a Receiver or a Receivers Account with an RDFI, an Originator *may,* at its option, send notification via the ODFI and the ACH network to the RDFI. The pre-notification provides the RDFI notice that the Originator intends to initiate one or more entries to the Receiver's account in accordance with the Receiver's authorization. The Originator is required to maintain proof of authorization that can be requested by the ODFI or RDFI in a case of dispute.

Six banking days delay for any pre-notification; Return entries or notification of change – Section 2.23
An Originator that has initiated a pre-notification to a Receiver's account may not send a live transaction before 6 banking days following the settlement date (effective date) of the pre-notification entry. The six days allows time for the RDFI to either "return" or send a Notification of Change to the Originator via the ODFI. If a return is received another transaction must not be initiated with the same data. If a Notification of Change is sent from the RDFI to the Originator via the ODFI, the Originator is required to make the changes prior to the next initiation of such entries or within six business days which ever comes first.

Reversing Files – Section 2.4
If an Originator, ODFI, or ACH operator has initiated a duplicate file or a file in which each entry or an entry in one or more batches contains erroneous data, and no right to recall those entries exists under the rules, the Originator, ODFI or ACH operator may initiate a file of entries (referred to as a "reversing file"). The file must comply with the ACH record format for reversals.

Limitation of Initiation of Reversing Files – Subsection 2.4.2
Each reversing file must be initiated in time to be available to the RDFI within **five** banking days after the Settlement Date of the duplicate or erroneous file. The file must also be sent within 24 hours of discovery of the duplication or error.

Reversing Entries – Section 2.5
An originator may initiate and entry (referred to as a "reversing entry") to correct an erroneous credit or debit entry previously initiated to a Receiver's account. This reversing entry must be transmitted to the Receiving ACH Operator in such time to be transmitted or made available to the RDFI by midnight of the fifth banking day following

the settlement day of the erroneous entry. The Originator must notify the Receiver of the reversing entry and the reason for the reversing entry no later than the settlement date of the reversing entry.

Reinitiation of Returned Entries – Subsection 2.12.4.1

Reinitiation of Returned Debit Entries, the Rule requires a reinitiated Entry to contain identical content in the following fields: Company Name, Company ID, and Amount. Further, the rule permits modification to other fields only to the extent necessary to correct an error or facilitate processing of an Entry. This change will allow reinitiations to correct administrative errors, but prohibit reinitiation of Entries that may be attempts to evade the limitation on the reinitiation of returned Entries by varying the content of the Entry.

Finally, the Rule addresses two technical issues associated with the Reinitiation Rule. First, the ODFI would be required to include the description "RETRY PYMT" in the Company Entry Description field to identify Entries that are permissible resubmissions of Returned Entries under the Reinitiation Rule. Use of this description in the field would notify the Receiver that the Entry relates to a previously Returned Entry, and will facilitate research and dispute resolution for RDFIs. Second, there is not currently a separate Return code for an RDFI to indicate when an Entry is being returned for a violation of the Reinitiation Rule. The Rule will allow such returns to use Return Code R10 (currently used for Extended Returns) to include a Return for a violation of the Reinitiation Rule, since most violations of the Reinitiation Rule are likely to be identified via a customer complaint after the expiration of the "two-day" return timeframe (i.e., an extended return timeframe would be necessary). In order to use R10 and the extended return timeframe, the RDFI will need to obtain a Written Statement of Unauthorized Debit.

Consumer Accounts - Notice by Originator to Receiver of Variable Debits - Section 3.3

Notice of Change in Amount - Subsection 3.3.1

If the amount of a debit entry to be initiated to a Consumer Account differs from the amount of the immediately preceding debit entry relating to the same authorization or from a preauthorized amount, the Originator must send the Receiver written notification of the amount of the entry and the date on or after which the entry will be debited. The Originator must send the Receiver written notice at least ten calendar days prior to the date on which the entry is scheduled to be initiated.

Receiver's Election - Subsection 3.3.2

If the Originator informs the Receiver of the Receiver's right to receive notification concerning a change in the amount of a debit entry, the Receiver may choose to receive notice only if the amount of the entry falls outside a specified range or if the entry differs from the most recent entry by more than an agreed upon amount.

Notice of Change in Scheduled Debiting Date - Subsection 3.3.3

If an Originator changes the date on or after which entries to be initiated by the Originator are scheduled to be debited to a Receiver's account, the Originator shall send to the Receiver written notification of the new date on or after which entries initiated by the Originator are scheduled to be debited to the Receiver's account. Such notification shall be sent within not less than seven calendar days before the first entry to be affected by the change is scheduled to be debited to the Receiver's account. For purposes of this subsection 3.3.3, variation in debiting dates due to Saturdays, Sundays, or holidays are not considered to be changes in the scheduled dates.

Consumer Accounts - Copy of Debit Authorization - Section 3.4

An Originator must provide each Receiver with an electronic or hard copy of the Receiver's authorization for all debit entries to be initiated to a Consumer Account.

Eastern Bank

Important Upcoming NACHA Rules and Regulations

Same Day ACH: Moving Payments Faster – Section 8.84

Same Day ACH rule will enable the same-day processing of virtually any ACH payment, both credits and debits, will be eligible for same-day processing. Only international transactions (IATs) and high-value transactions above $25,000 will not be eligible.

The rule will be implemented in a phased approach:

In Phase 1 (September 23, 2016), ACH credit transactions will be eligible for same day processing, supporting use cases such as hourly payroll, person-to-person (P2P) payments and same-day bill pay.
In Phase 2 (September 15, 2017), same-day ACH debits will be added, allowing for a wide variety of consumer bill payment use cases like utility, mortgage, loan and credit card payments.
Phase 3 (March 16, 2018) introduces faster ACH credit funds availability requirements for RDFIs; funds from Same Day ACH credit transactions will need to be available to customers by 5 p.m. RDFI local time.

Currently, most ACH payments are settled on the next business day. Originating Same Day transactions is optional for ODFIs; however, this NACHA rule change will enable ACH Originators, that desire same-day processing, the option to send same-day ACH transactions to accounts at any receiving financial institution (RDFI). Eastern Bank is evaluating offering customers the ability to originate same-day ACH credits for Phase 1.

All RDFIs will be required to receive same-day ACH payments, thereby giving ODFIs and Originators the certainty of being able to send same-day ACH payments to accounts at all RDFIs. Therefore, the Rule includes a “Same Day Fee” on each Same Day ACH transaction so that RDFIs would recover, on average, their costs for enabling and supporting Same Day ACH. Additionally, RDFIs will be mandated to make funds available from same day ACH credits (such as payroll Direct Deposits) to their depositors by 5:00 PM at the RDFI’s local time.

The Rule will enable the option for same-day ACH payments through new ACH Network functionality, without affecting existing ACH schedules and capabilities:

- Originating financial institutions (ODFIs) will be able to submit files of same-day ACH payments through two new clearing windows provided by the ACH Operators (Note: The actual ACH Operator schedules are not determined by the NACHA Operating Rules.):
- A morning submission deadline at 10:30 AM ET, with settlement occurring at 1:00 PM.
- An afternoon submission deadline at 2:45 PM ET, with settlement occurring at 5:00 PM.

Eastern Bank

Sample Authorization Agreements

AUTHORIZATION AGREEMENT FOR DIRECT DEPOSITS (ACH CREDITS)

Company Name_____ Company ID Number _____

I (we) hereby authorize _____, hereinafter called COMPANY, to initiate credit entries to my (our) Checking Account / Savings Account (select one) indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to credit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name_____ Branch _____

City _____ State_____ Zip_____

Routing Number_____ Account Number_____

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name(s)_____ ID Number_____ (Please Print)

Date_____Signature_____

NOTE: WRITTEN CREDIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Company Name_____Company ID Number_____

I (we) hereby authorize _____, hereinafter called COMPANY, to initiate debit entries to my (our) Checking Account / Savings Account (select one) indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name_____Branch _____

City _____State_____Zip_____

Routing Number_____Account Number_____

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name(s)_____ID Number_____(Please Print)

Date_____Signature_____

NOTE: WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION.

Glossary of Terms

ACH Operator
ACH Operator means (1) a Federal Reserve Bank that performs all of the following, or (2) an entity that executes an annual agreement with the National Association in which the entity agrees to comply with or perform all of the following:
(a) adhere to these rules (except to the extent inconsistent with the policies or practices of the Federal Reserve Banks) and other applicable laws, regulations, and policies;
(b) execute agreements with a minimum of twenty independent (i.e., not owned by the same holding company) Participating DFIs that bind such entities to the ACH Operator's rules and to these rules (except that a Federal Reserve Bank shall not be required to bind a Participating DFI to any provision of such rules of the National Association that is not incorporated by the Uniform Operating Circular of the Federal Reserve Banks);
(c) (a) provide clearing, delivery, and settlement services for ACH entries, as defined by these rules, between Participating DFIs that have selected that ACH Operator to perform ACH services (intra-ACH Operator services), and (b) exchange transactions with other ACH Operators (inter-ACH Operator exchange);
(d) process and edit files based on the requirements of these rules;
(e) evaluate the credit worthiness of and apply risk control measures to their Participating DFIs;
(f) adhere to the Federal Reserve's Policy Statement on Privately Operated Multilateral Settlement Systems (as applicable); and
(g) adhere to any National ACH Operator Performance Standards of the National Association.

Addenda Record
An ACH record type that carries the supplemental data needed to completely identify an account holder(s) or provide information concerning a payment to the RDFI and the Receiver.

Authorization
A written agreement with the originating company signed or similarly authenticated by an employee or customer to allow payments processed through the ACH Network to be deposited in or withdrawn from his or her account at a financial institution. Can also be a written agreement that defines the terms, conditions and legal relationship between trading partners. For ACH credit entries, authorization may also be by verbal or other non-written means.

Automated Clearing House (ACH) Network
A funds transfer system, governed by the *NACHA Operating Rules*, that provides for the interbank clearing of electronic entries for participating financial institutions.

Banking Day
Any day on which a participating depository financial institution is open to the public during any part of the day for carrying on substantially all its banking functions.

Batch
A group of records or documents considered as a single unit for the purpose of data processing.

Consumer Account
A deposit account held by a financial institution and established by a natural person primarily for personal, family, or household use and not for commercial purposes.

Corporate-to-Corporate Payments
Any of the class of automated payment formats developed for the ACH Network that allow concurrent exchange of funds and remittance information between trading partners.

Credit Entry
An entry to the record of an account to represent the transfer or placement of funds into the account.

Data Transmission
The electronic exchange of information between two data processing points.

Debit Blocking
Used to block or allow ACH debit transactions. Based on the corporate customer's instructions, you can set up which receiving accounts and, optionally, originating company IDs, will have ACH debit transactions automatically posted.

Debit Entry
An entry to the record of an account to represent the transfer or removal of funds from the account.

Direct Debit
A method of collection used in the ACH for certain claims, generally those that are repeated over a period of time, under which the debtor gives his or her financial institution authorization to debit his or her account upon the receipt of an entry issued by a creditor.

Direct Deposit
An ACH service that provides for the electronic transfer of funds directly into the account of a payee, usually an employee receiving pay or a Social Security beneficiary receiving retirement benefits.

Direct Payment
A method of collection used in the ACH Network for certain claims, generally those that are repeated over a period of time, for which the debtor gives the Originator an authorization to debit his or her account.

EDI Payment (Electronic Data Interchange)
The computer-to-computer transmission of a payment and related information in a standard format.

Effective Entry Date
The date the originating company expects payment to take place. The ACH Operator reads the effective entry date to determine the settlement date that is usually the next available business day.

Electronic Funds Transfer (EFT)
A generic term used to describe any ACH or wire transfer.

Entry
An electronic item representing the transfer of funds in the ACH.

Field
One or more consecutive character positions within an ACH entry mapped to contain specific information. For credit, debit or ATM cards, a defined area within an information track of the magnetic stripe of fixed or variable length.

File
A group of ACH batches initiated into the ACH Network or sorted for delivery to ACH receiving point(s). A file must be transmitted electronically via data transmission between the sending point and the receiving point. A file may be delivered to an end-point via direct data transmission, magnetic tape, or floppy diskette. A file may contain one or more batches of entries.

Financial EDI
Electronic data interchange for financial transactions/applications between companies and financial institutions, including payment and remittance advice, account analysis, and balance reporting.

Funds Availability
The time at which the funds resulting from a funds transfer are made available to the customer.

Green Book
A publication assembled by the U.S. Department of the Treasury that specifies the procedures to be used in Automated Clearing House transactions originated on behalf of the United States Federal Government.

Live Dollar Entry
"Live" refers to an entry that affects a funds transfer rather than non-dollar entries, such as pre-notifications.

MICR line
The magnetic ink character recognition inscription at the bottom of a paper check.

National Automated Clearing House Association (NACHA)
The national association that establishes the standards, rules and procedures that enable depository financial institutions to exchange payments on a national basis.

NACHA Formats
The ACH record format specifications described in the *NACHA Operating Rules and Guidelines* are the accepted and warranted payment format standards for payments delivered through the ACH.

Notification of Change (NOC)
Information sent by an RDFI to notify the ODFI that previously valid information for a receiver has become outdated or that information contained in a pre-notification is erroneous. The standard entry class code is COR.

On-Us Entries
Entries within an ACH file destined for accounts held at the ODFI.

Originating Depository Financial Institution (ODFI)
A participating financial institution that initiates ACH entries at the request of and by agreement with its customers. ODFIs must abide by the provisions of the *NACHA Operating Rules and Guidelines*.

Originator
Any individual, corporation or other entity that initiates entries into the Automated ClearingHouse system.

Posting
The process of recording debits and credits to individual account balances.

Prefunding batch
This type of ACH batch can only contain credit entries.

Pre-notification
A non-dollar entry that may be sent through the ACH Network by an Originator to alert an RDFI that a live-dollar transaction will be forthcoming and that verification of the Receiver’s account number is required.

Receiver
An individual, corporation or other entity that has authorized an originator to initiate a credit or debit entry to an account held at an RDFI.

Receiving Depository Financial Institution (RDFI)
Any financial institution qualified to receive ACH entries that agrees to abide by the *NACHA Operating Rules and Guidelines*.

Receiving Point
A site where entries are received from an ACH Operator for processing. It may be the RDFI, its data center or a data processing service bureau authorized to receive entries on behalf of a RDFI.

Regulation E
A regulation promulgated by the Federal Reserve Board of Governors in order to ensure consumers of a minimum level of protection in disputes arising from electronic funds transfers.

Returns
Any ACH entry that has been returned to the ODFI by the RDFI or by the ACH Operator because it cannot be processed. The reason for each return is included with the return in the form of a "return reason code." (See the *NACHA Operating Rules and Guidelines* for complete return reason code listing.)

Reversals
Any ACH entries or files sent within required deadlines to "correct" or reverse previously originated entries or files.

Routing Number
A nine-digit number (eight digits and a check digit) that identifies a specific financial institution. Also referred to as the ABA number. Numbers are assigned by the Thomson Financial Publishing and are listed in its publication entitled *Key to Routing Numbers*.

Sending Point
A processing site from which entries are transmitted to the ACH Operator. It may be the ODFI on its own behalf or a financial institution or private data processing service bureau on behalf of the ODFI.

Settlement
A transfer of funds between two parties in cash, or on the books of a mutual depository institution, to complete one or more prior transactions, made subject to final accounting. Settlement for the ACH system usually occurs through the Federal Reserve.

Settlement Date
The date on which an exchange of funds with respect to an entry is reflected on the books of the Federal Reserve Bank(s).

Standard Entry Class Codes
Three character code within an ACH company/batch header record that identifies payment types within an ACH batch (e.g., CCD, CTX, etc.).

Transaction Code
The two-digit code in the ACH record that determines whether an entry is a debit or a credit to a DDA account, savings account, or general ledger account, or whether an entry is a credit to a loan account.